

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2005 - HB 1974

March 3, 2014

SUMMARY OF BILL: Authorizes the Clarksville Department of Electricity (CDE) to operate fiber optic facilities and use such facilities to provide video, internet, and other broadband services to certain industrial parks and commercial or industrial customers. Requires CDE to obtain written consent of each electric cooperative or municipal electric system in whose territory the system will provide such services prior to providing any such services outside of its electric system service area.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures - \$100,000/Permissive

Other Fiscal Impact – A precise increase in local government revenue cannot accurately be determined due to multiple unknown variables.

Assumptions:

- According to the Tennessee Municipal Electric Power Association (TMEPA), the provisions of the bill would result in a permissive increase in local expenditures of approximately \$100,000 in further investment to the fiber network architecture within Montgomery County.
- Due to multiple unknown factors such as, the rate which will be set for providing such service to companies, the extent of customers served by the fiber optic facilities, and the extent of additional revenue gained by CDE as a result of the fiber optic facilities, a precise increase in local government revenue cannot reasonably be determined.

IMPACT TO COMMERCE:


Other Fiscal Impact – Due to multiple unknown variables, a precise impact to commerce cannot be determined; however the net impact is estimated to be positive.

Assumptions:

- Businesses located within the service area in the city of Clarksville will have the opportunity for more competitive pricing of broadband services, which will result in a cost savings for such companies.
- Due to multiple unknown variables, such as the number of businesses located within the service area, the extent of any cost savings for such businesses due to increased competition from providers of broadband service, the extent of any cost savings being invested in the expansion of such businesses, and the extent of any increase to rates that businesses may have to pay to the CDE, a precise impact to commerce cannot reasonably be determined; however, the net impact is estimated to be positive.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh